



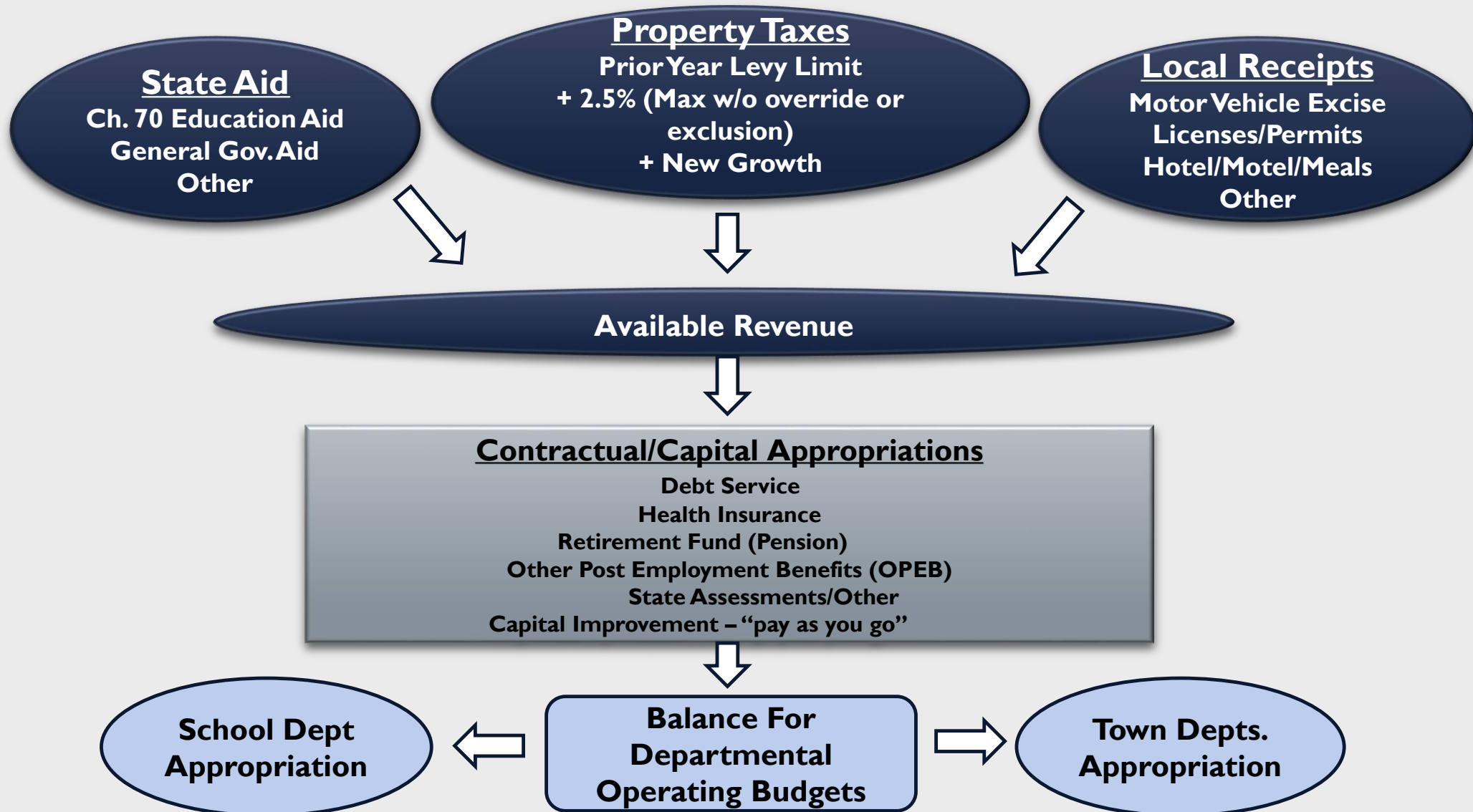
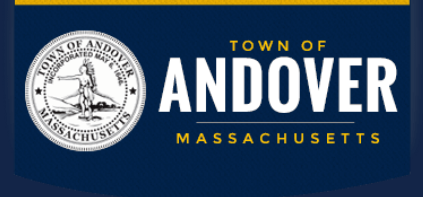
TOWN OF ANDOVER TRI-BOARD MEETING

**Andrew P. Flanagan,
Town Manager**

December 7, 2016

TOWN OF ANDOVER BUDGET MODEL

(EXCLUDING WATER/SEWER/OFFSET LOCAL RECEIPTS)



FIVE YEAR FINANCIAL FORECAST



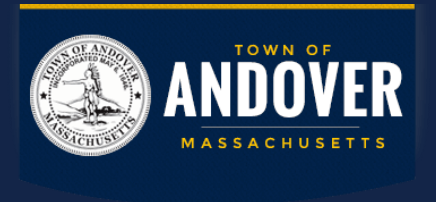
- Based on a series of assumptions and schedules
- Dynamic document
- Tool to establish predictability and identify structural impacts
- Framework to sustain competitive and responsive community services

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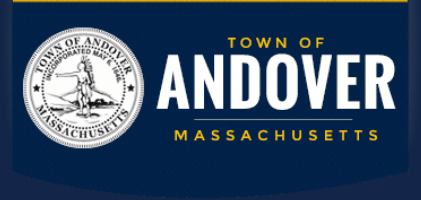
TOWN OF ANDOVER
Long Range Projection FY2018-FY2022

	FY 2016 FISCAL	FY 2017	Outer Change	Percent Change	FY 2018	Outer Change	Percent Change	FY 2019	Outer Change	Percent Change	FY 2020	Outer Change	Percent Change	FY 2021	Outer Change	Percent Change	FY 2022	Outer Change	Percent Change
I. REVENUES																			
A. Property Taxes																			
Prior Year Levy	119,197,140	134,999,132	5,199,012	4.36%	130,121,035	5,724,304	4.35%	136,229,879	8,307,234	4.00%	141,499,399	5,460,520	4.00%	147,044,921	5,575,522	3.94%	152,761,971	5,716,949	3.93%
2.12% Increase	2,394,929	3,124,854	199,916	4.34%	3,289,236	143,123	4.34%	3,402,722	123,696	4.00%	3,536,124	123,402	4.00%	3,674,144	128,020	3.94%	3,816,144	142,000	3.93%
New Growth	2,394,929	2,800,000	395,071	17.99%	2,029,790	(365,209)	(18.00%)	2,029,790	0	0.00%	2,029,790	0	0.00%	2,029,790	0	0.00%	2,029,790	0	0.00%
United States Levy Capcity	(1,852,711)	(274,123)	(658,628)	(35.54%)	(200,000)	(674,123)	(33.70%)	(200,000)	0	0.00%	(200,000)	0	0.00%	(200,000)	0	0.00%	(200,000)	0	0.00%
Samuel Olin Service	4,324,492	2,597,424	(707,068)	(16.35%)	4,058,494	(436,000)	(10.75%)	3,908,265	(150,229)	(3.72%)	3,757,129	(151,136)	(3.92%)	3,605,000	(152,129)	(4.05%)	3,452,871	(152,129)	(4.19%)
Total Property Taxes	127,963,851	137,244,349	5,847,478	4.55%	135,963,340	6,429,937	4.82%	143,979,869	8,310,340	6.12%	149,312,089	5,460,520	3.79%	155,937,035	5,460,520	3.64%	162,761,971	5,716,949	3.73%
B. State Aid	12,710,343	12,764,888	55,545	0.44%	11,740,176	(1,224,711)	(9.63%)	11,833,884	93,708	0.79%	11,985,329	151,445	1.27%	12,094,120	108,791	0.91%	12,201,069	106,949	0.88%
C. Local Revenues	1,549,035	1,287,428	(261,607)	(16.90%)	1,147,100	(401,935)	(34.26%)	1,147,100	0	0.00%	1,147,100	0	0.00%	1,147,100	0	0.00%	1,147,100	0	0.00%
D. Fee Cash for GP & Articles	4,893,033	3,793,000	(1,100,033)	(22.48%)	-	(3,793,000)	(100.00%)	-	0	0.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%
E. Other Revenues - Interest, Cable, Bond Prem	2,022,189	2,121,004	98,815	4.93%	2,339,179	799,449	33.89%	2,339,179	0	0.00%	2,339,179	0	0.00%	2,339,179	0	0.00%	2,339,179	0	0.00%
TOTAL REVENUES	157,169,721	165,233,264	5,263,543	3.35%	159,863,207	1,674,713	1.06%	170,649,562	5,460,520	3.20%	176,151,089	5,460,520	3.10%	181,771,220	5,460,520	3.01%	188,225,940	5,716,949	2.93%
II. ANTICIPATIONS - Debt Obligations/Capital																			
A. Capital & Debt Service																			
Non-Capital Debt Service	5,330,405	5,653,323	322,918	6.06%	5,196,016	(543,389)	(10.42%)	5,592,879	596,863	11.49%	7,395,923	499,294	7.20%	7,311,571	(84,352)	(1.14%)	4,992,594	(5,319,077)	(68.24%)
Samuel Olin Service	5,949,901	4,822,402	(1,127,499)	(18.94%)	4,100,889	(1,849,012)	(45.09%)	2,594,402	(1,505,487)	(58.03%)	2,594,402	(1,505,487)	(58.03%)	2,594,402	(1,505,487)	(58.03%)	2,594,402	(1,505,487)	(58.03%)
Debt Capital Outlay	2,450,000	2,440,000	(10,000)	(0.41%)	3,200,000	(750,000)	(23.08%)	2,862,000	(338,000)	(11.73%)	2,862,000	0	0.00%	2,862,000	0	0.00%	2,862,000	0	0.00%
Total General Fund Capital	13,729,306	13,222,225	(507,081)	(3.69%)	12,496,905	(1,232,401)	(9.05%)	13,732,879	(543,389)	(3.96%)	17,652,923	5,460,520	30.40%	17,652,923	5,460,520	30.40%	17,652,923	5,460,520	30.40%
B. Obligations - Bond Costs																			
Refunding	7,948,215	8,868,835	920,620	11.59%	8,913,240	64,425	0.73%	10,484,885	1,571,645	15.00%	11,811,021	1,326,136	10.00%	12,882,123	1,071,102	8.00%	13,923,328	1,041,205	7.00%
Insurance/Workers Comp	722,853	733,831	10,978	1.52%	805,899	82,968	11.22%	897,405	91,506	10.00%	960,227	62,822	6.00%	1,027,443	67,216	6.00%	1,093,264	65,821	6.00%
Unemployment Compensation	180,000	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%
Health Insurance	11,054,416	17,020,037	5,965,621	53.96%	14,326,140	3,271,724	23.29%	20,854,405	6,528,265	42.59%	22,854,100	1,999,695	9.59%	24,854,100	1,999,695	8.75%	26,854,100	1,999,695	8.00%
CRS	800,000	1,127,072	327,072	40.76%	1,375,400	548,328	39.51%	1,738,000	362,600	20.70%	1,857,472	119,472	6.88%	1,987,365	129,893	6.99%	2,124,340	136,975	6.91%
Total General Fund Obligations	42,132,229	49,479,900	7,347,671	17.44%	46,802,144	4,669,914	10.00%	55,469,764	11,667,685	21.00%	64,493,523	9,033,760	14.00%	69,937,648	5,444,125	7.80%	75,923,648	5,986,000	8.50%
C. State Assessments	917,123	803,382	(113,741)	(12.40%)	815,712	(101,411)	(12.40%)	834,100	18,388	2.25%	849,321	15,221	1.80%	864,542	15,221	1.80%	879,763	15,221	1.80%
D. Other Aid - Assistance to Libraries	46,140	45,355	(785)	(1.70%)	45,355	0	0.00%	45,355	0	0.00%	45,355	0	0.00%	45,355	0	0.00%	45,355	0	0.00%
E. Technical School Assessments	910,000	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%
F. Overlay Reserve	878,233	818,822	(59,411)	(6.77%)	900,000	21,177	2.41%	900,000	0	0.00%	1,200,000	300,000	33.33%	900,000	(300,000)	(33.33%)	900,000	0	0.00%
G. Warrant Anticipation From Taxation	142,280	150,007	7,727	5.43%	153,777	1,770	1.15%	157,323	3,546	2.25%	160,869	3,546	2.25%	164,415	3,546	2.25%	167,961	3,546	2.25%
H. Warrant Anticipation From Fee Cash	4,893,033	3,793,000	(1,100,033)	(22.48%)	-	(3,793,000)	(100.00%)	-	0	0.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%
I. Other - Contingencies & Deficit	35,430	6,165	(29,265)	(82.63%)	150,000	114,535	76.31%	150,000	0	0.00%	150,000	0	0.00%	150,000	0	0.00%	150,000	0	0.00%
Total Debt Obligations/Capital	47,148,223	48,494,902	1,346,679	2.86%	47,462,228	314,005	0.66%	55,469,764	11,667,685	21.00%	64,493,523	9,033,760	14.00%	69,937,648	5,444,125	7.80%	75,923,648	5,986,000	8.50%
III. ANTICIPATIONS - Town & School Operations																			
Total	37,328,300	38,437,289	1,108,989	2.97%	38,464,417	1,036,117	2.71%	40,880,814	2,416,397	5.93%	41,896,478	1,015,664	2.43%	42,912,141	1,015,664	2.43%	43,927,805	1,015,664	2.43%
School	13,989,941	16,226,222	2,236,281	15.99%	16,226,222	2,236,281	15.99%	18,462,503	2,236,281	12.15%	20,698,784	2,236,281	12.15%	22,935,065	2,236,281	12.15%	25,171,346	2,236,281	12.15%
Total Appropriations for Operations	15,622,920	19,233,022	3,610,102	23.09%	19,233,022	3,610,102	23.09%	22,418,267	3,185,247	14.21%	24,632,962	2,214,695	9.87%	26,847,646	2,214,695	9.00%	29,062,351	2,214,695	8.25%
TOTAL ANTICIPATIONS	107,169,721	165,233,264	5,263,543	3.35%	159,863,207	1,674,713	1.06%	170,649,562	5,460,520	3.20%	176,151,089	5,460,520	3.10%	181,771,220	5,460,520	3.01%	188,225,940	5,716,949	2.93%
BALANCE	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%

REVENUE ASSUMPTIONS

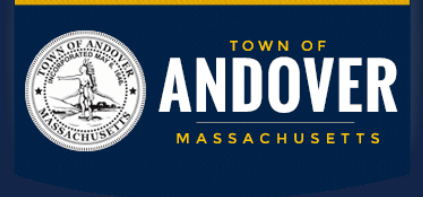


REVENUE ASSUMPTIONS



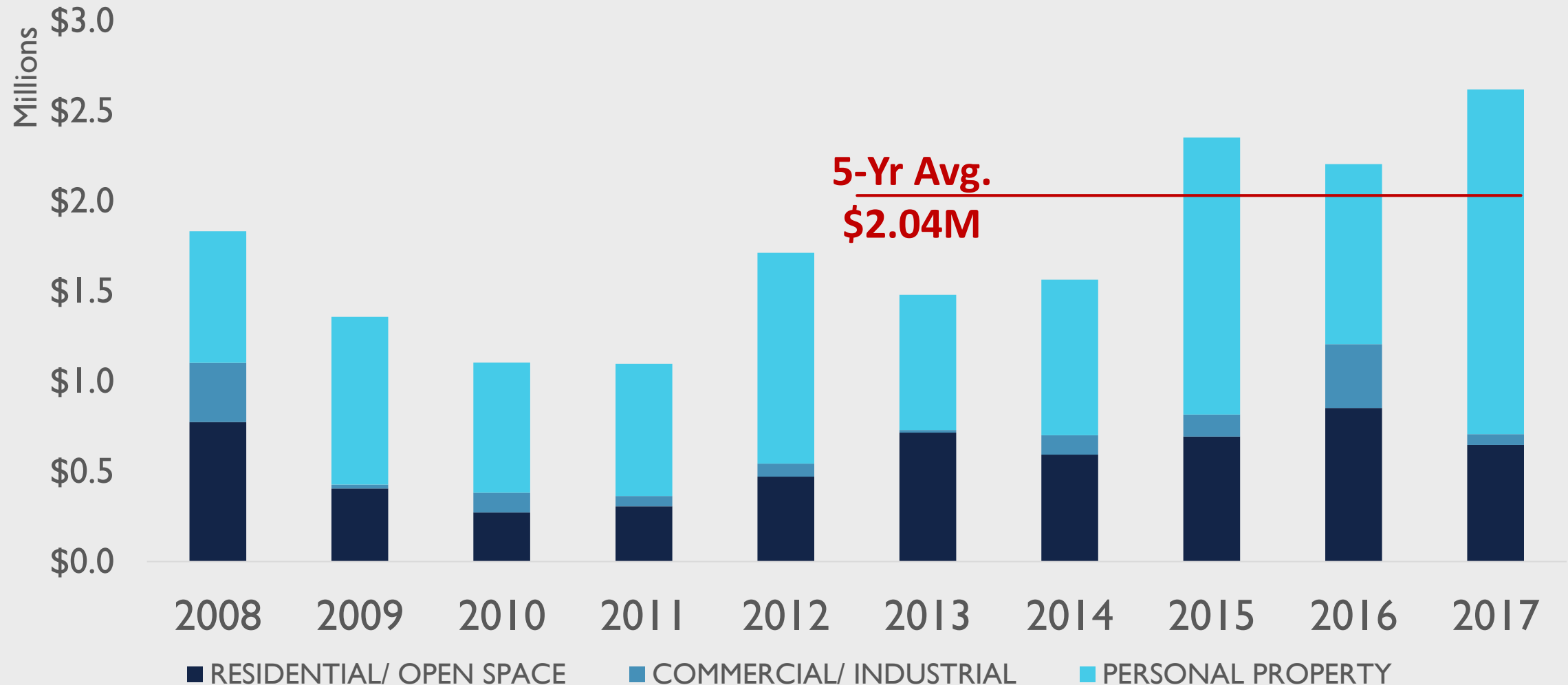
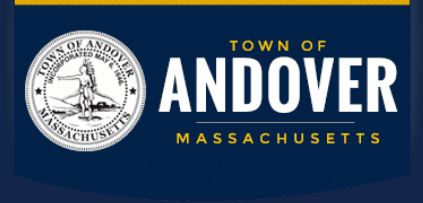
- Property Taxes
 - 2.5% Levy Increase
 - New Growth – 5 Year Average (\$2,039,798)
 - \$300K Excess Levy Capacity (Per BoS Vote)
- State Aid
 - 1% Annual Increase – Chapter 70 & Unrestricted General Government Aid
- Local Receipts
 - 5 Year Average (\$11,447,300)

FY18 TAX LEVY BREAKDOWN

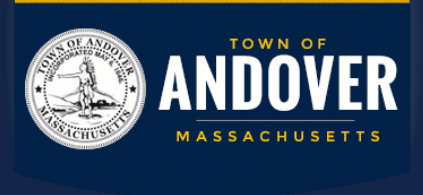


	FY2017	FY2018		FY17-FY18	FY17-FY18
<u>TAX REVENUE</u>	<u>Projections</u>	<u>Projections</u>		<u>\$ Change</u>	<u>% Change</u>
Prior Year Levy Limit	\$124,996,152	\$130,709,272		\$5,713,120	4.57%
Annual 2.5% Increase	\$3,124,904	\$3,267,732		\$142,828	4.57%
New Growth	\$2,588,316	\$2,039,798		(\$548,518)	-21.19%
Unused Levy Capacity	<u>(1,275,287)</u>	<u>(300,000)</u>		\$975,287	-76.48%
Total Tax Levy	\$129,433,985	\$135,716,802		\$6,282,817	4.85%
Addtl. Taxes - Debt Exclusion	\$3,597,424	\$4,036,464		\$439,040	12.20%

NEW GROWTH HISTORY



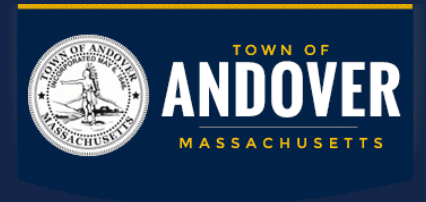
REVENUE ASSUMPTIONS



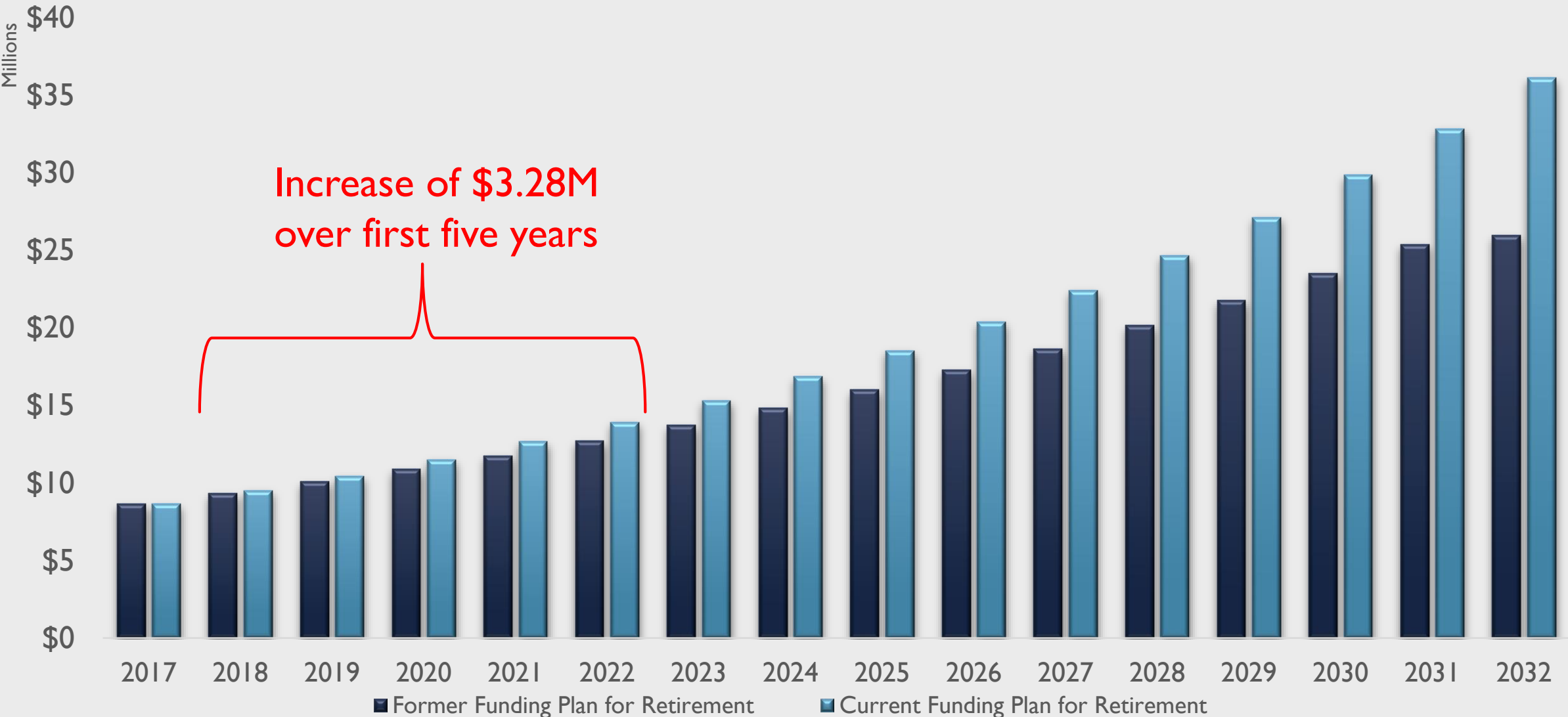
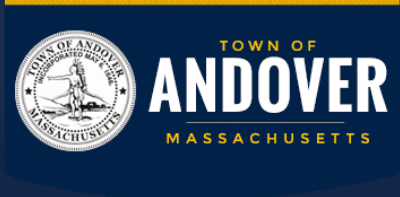
	FY2017	FY2018		FY17-FY18	FY17-FY18
	<u>Projections</u>	<u>Projections</u>		<u>\$ Change</u>	<u>% Change</u>
Tax Levy	\$129,433,985	\$135,716,802		\$6,282,817	4.85%
State Aid	\$13,009,841	\$11,982,601		(\$1,027,240)	-7.90%
Local Receipts	\$10,997,428	\$11,447,300		\$449,872	4.09%
Total	\$153,441,254	\$159,146,703		\$5,705,449	3.72%

APPROPRIATIONS – OBLIGATIONS

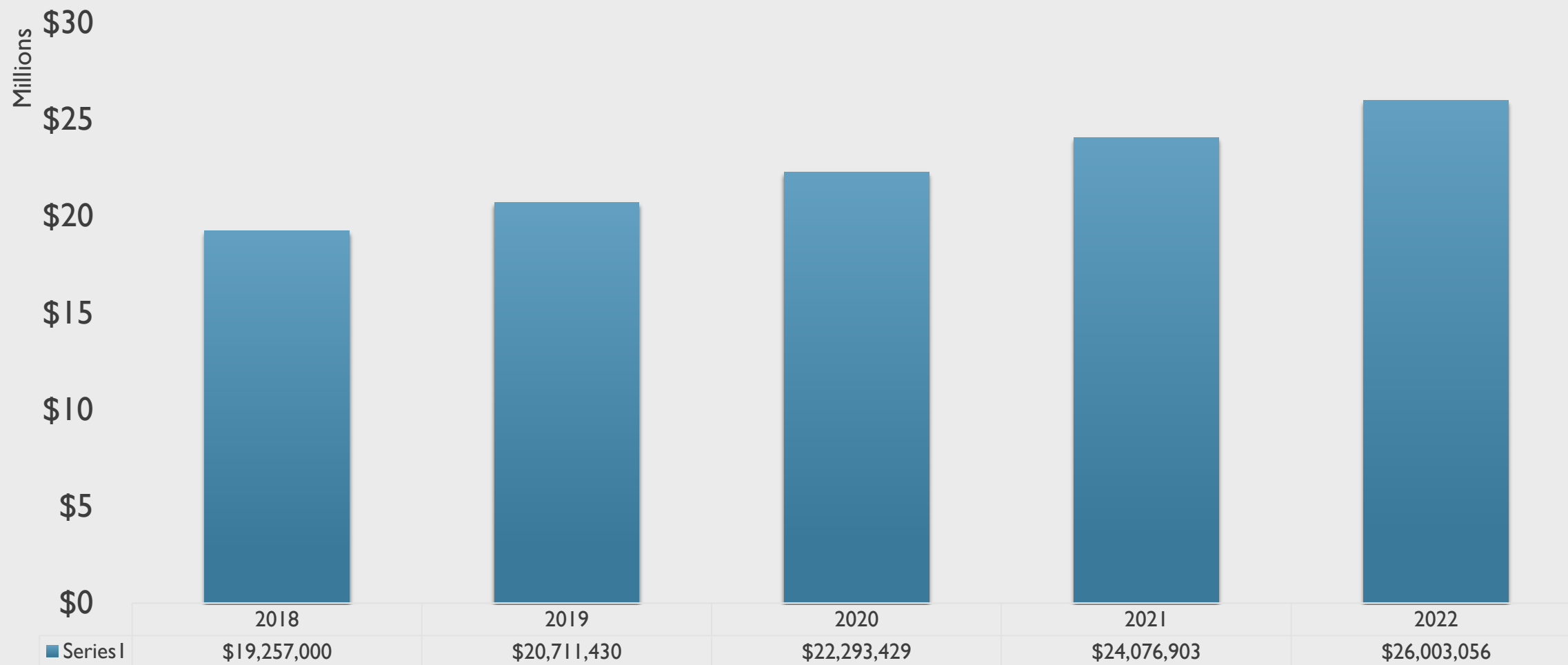
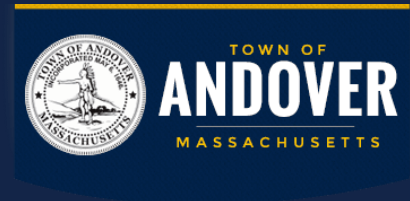
- RETIREMENT
- HEALTH INSURANCE
- OTHER POST EMPLOYMENT BENEFITS (OPEB)



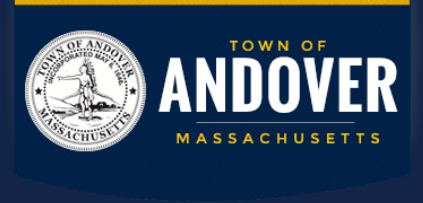
FORMER VS. CURRENT RETIREMENT FUNDING SCHEDULE (10% ANNUAL INCREASE THROUGH 2032)



HEALTH INSURANCE

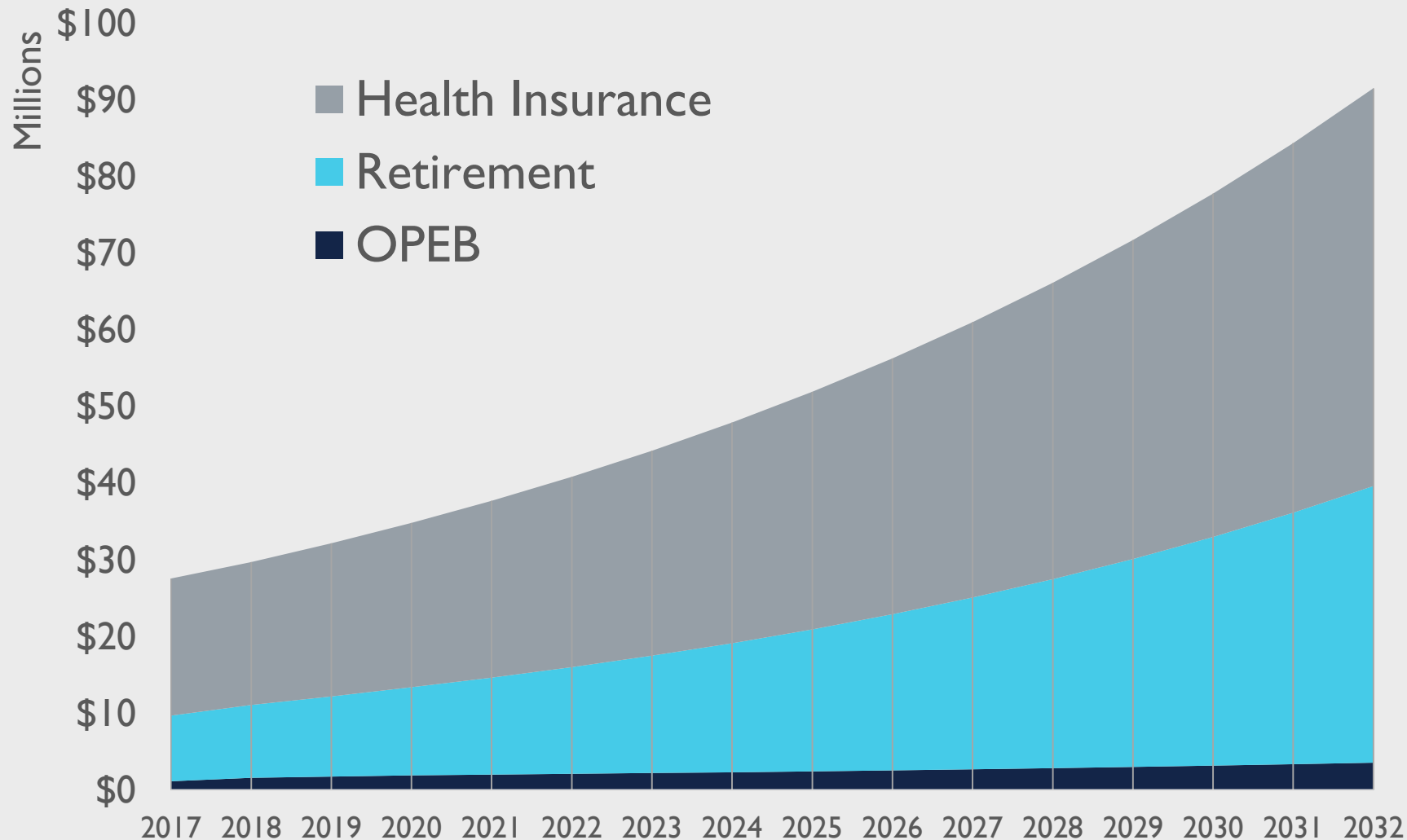
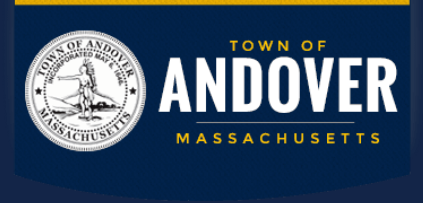


OTHER POST EMPLOYMENT BENEFITS (OPEB)



	General Fund/W&S OPEB Appropriation	Savings from OPEB Reform	Total OPEB Appropriation
FY 2018	\$943,513	\$632,938	\$1,576,451
FY 2019	\$967,100	\$769,703	\$1,736,803
FY 2020	\$991,278	\$906,194	\$1,897,472
FY 2021	\$1,016,060	\$978,690	\$1,994,750
FY 2022	\$1,041,461	\$1,056,985	\$2,098,446
FY 2023	\$1,067,498	\$1,141,543	\$2,209,041
FY 2024	\$1,094,185	\$1,198,621	\$2,292,806
FY 2025	\$1,121,540	\$1,294,510	\$2,416,050
FY 2026	\$1,149,578	\$1,398,071	\$2,547,649
FY 2027	\$1,178,318	\$1,509,917	\$2,688,235

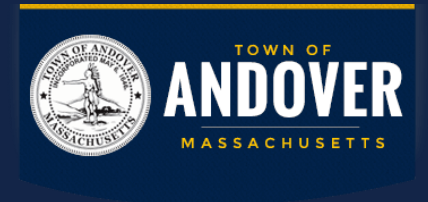
PROJECTED OBLIGATIONS TO 2032



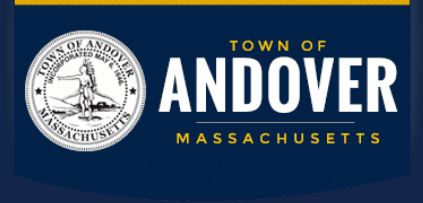
Obligations as Percentage of Budget	
FY 2017	16.94%
FY 2018	17.97%
FY 2019	18.75%
FY 2020	19.41%
FY 2021	20.23%
FY 2022	21.08%

APPROPRIATIONS – CAPITAL & DEBT

- CAPITAL CAPACITY
- NON – EXEMPT DEBT
- EXEMPT DEBT



ESTABLISHING A “TARGET”



Prior Non-Exempt Debt Service

+

New Non-Exempt Debt Service

+

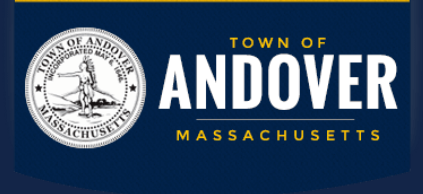
General Fund Revenue

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Total Non-Exempt Plan

- Non-exempt target has been set at 5.72% with a goal to increase to 6% over the next five years
- FY 2018 recommended CIP is balanced and supports investments in all functions of Town government
- FY 2018 Recommended CIP meets the 5.72% target
- The following four years of the CIP fluctuate for a five year average of 5.76%

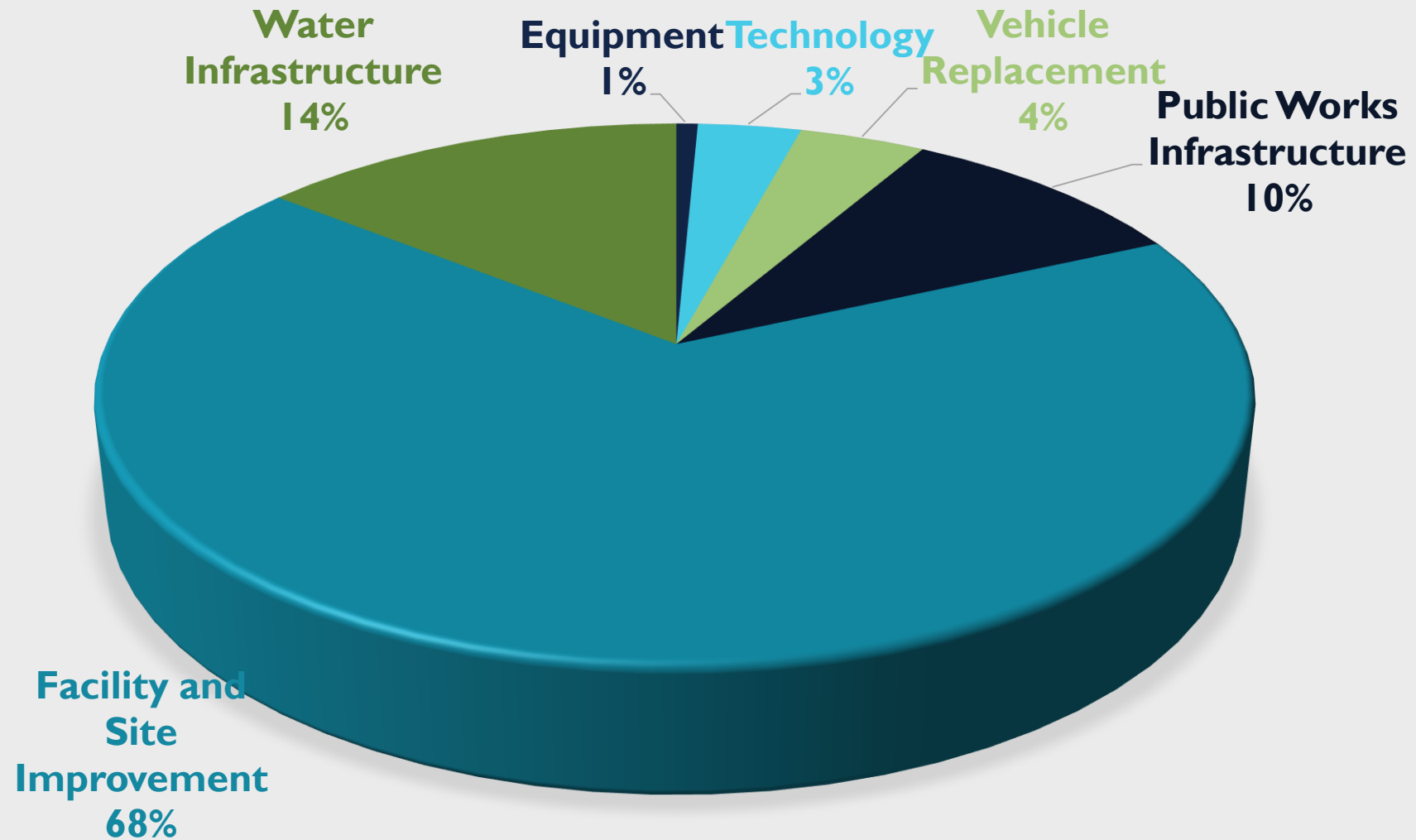
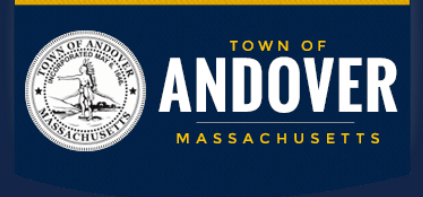
FIVE YEAR PLAN – NON EXEMPT CAPITAL AS % OF ADJUSTED BUDGET



<i>Fiscal Year</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>
<i>General Fund</i>					
<i>Prior Non-Exempt Debt</i>	4,468,668	4,172,157	3,733,166	3,455,984	3,339,623
<i>Capital Projects from Taxation</i>	3,743,875	3,086,843	3,237,029	3,007,609	3,310,568
<i>New Non-Exempt Debt Service</i>		1,090,859	1,907,125	2,422,410	2,744,310
<i>Non-Exempt Debt To Be Issued FY17/FY18</i>	1,030,150	1,046,022	1,273,519	1,510,591	1,291,197
<i>Total Non-Exempt Tax Burden</i>	9,242,693	9,395,881	10,150,839	10,396,594	10,685,698
<i>Pro Forma Adjusted Revenue Budget</i>	161,804,646	167,341,633	173,037,551	178,822,316	184,730,060
<i>Budget for Plan at 5.72%</i>	5.72%	5.72%	5.72%	5.72%	5.72%
<i>Plan as % of Adjusted Revenues</i>	9,255,226	9,571,941	9,897,748	10,228,636	10,566,559
<i>Variance from Budget</i>	(12,533)	(176,061)	253,091	167,958	119,139

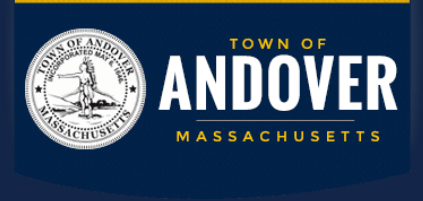
FY18 CIP SUMMARY

(FUNDING BY PROGRAM)



FY18 CIP SUMMARY

(FUNDING BY SOURCE)



General Fund Revenue	3,743,875
General Fund Borrowing	22,110,000
Use of Free Cash	300,000
General Fund Exempt Borrowing	0
Special Dedicated Funds	1,499,288
Water and Sewer Enterprise Funds	5,375,000
Total Recommendation	\$ 33,028,163

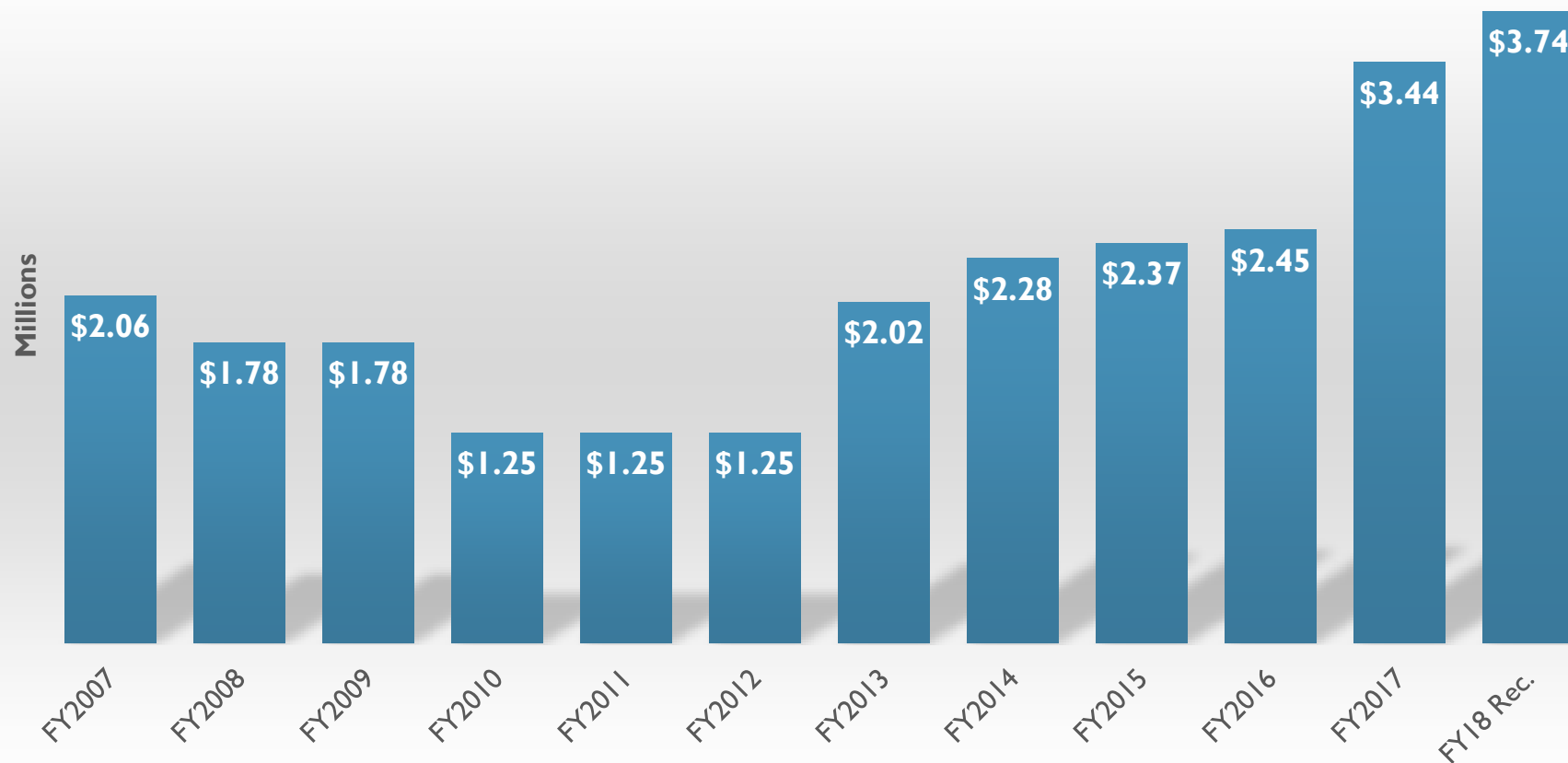
FY18 FUNDED BY GENERAL FUND REVENUE



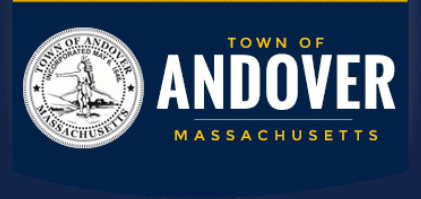
CS-1	Center at Punchard-Feasibility Study	\$40,000
CS-2	Rec Park/Pomps Pond Security Monitoring	\$65,000
CS-3	Phillips Auditorium Tables and Chairs	\$32,214
CS-4	Design Services for the Park & Playstead	\$75,000
TM-3	Town Offices Customer Service Bldg Study	\$40,000
TC-2	Vault Shelving	\$30,000
FIN-1	MUNIS Software	\$35,000
CON-1	Conservation Land Management	\$12,000
IT-1	Annual PC Leasing Program	\$442,018
IT-4	Selectmen and School Comm Room Upgrades	\$50,000
IT-7	Web Site Development Phase 2	\$10,000
POL-1	Police Vehicle Replacement	\$195,000
POL-2	Police Firearms/DT Scenario Trainer	\$78,500
POL-4	Police Roadside Message Board	\$20,000
FR-1	Fire Vehicle Replacement	\$53,000
FR-2	EMS Call Box for Pomps Pond	\$10,500
DPW-2	Minor Sidewalk Repairs	\$100,000
DPW-6	Storm Water Management	\$100,000
DPW-7a	Public Works Vehicles - Small	\$215,000
DPW-28	Spring Grove Cemetery Improvements	\$20,000
P&F-1	Town Projects - Buildings	\$275,000
P&F-2	Town Projects – Mech. & Electrical	\$170,000
P&F-4a	Town Vehicle Replacement	\$105,000
P&F-8	Town Playground Replacements	\$75,000
SCH	School Capital Projects (SCH-1, SCH-2, IT-2, IT-3)	\$1,495,643

Total:
\$3,743,875

GENERAL FUND REVENUE APPROPRIATION HISTORY



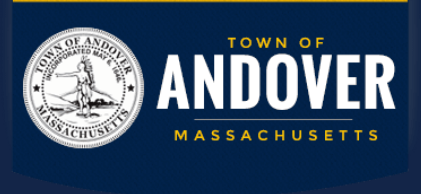
FY18 FUNDED BY FREE CASH



Total:
\$500,000

TM-2	Ballardvale Fire Station Design	\$300,000
TM-4	ADA Accessibility Project – High Plain/Wood Hill	\$200,000

FY18 GENERAL FUND BORROWING

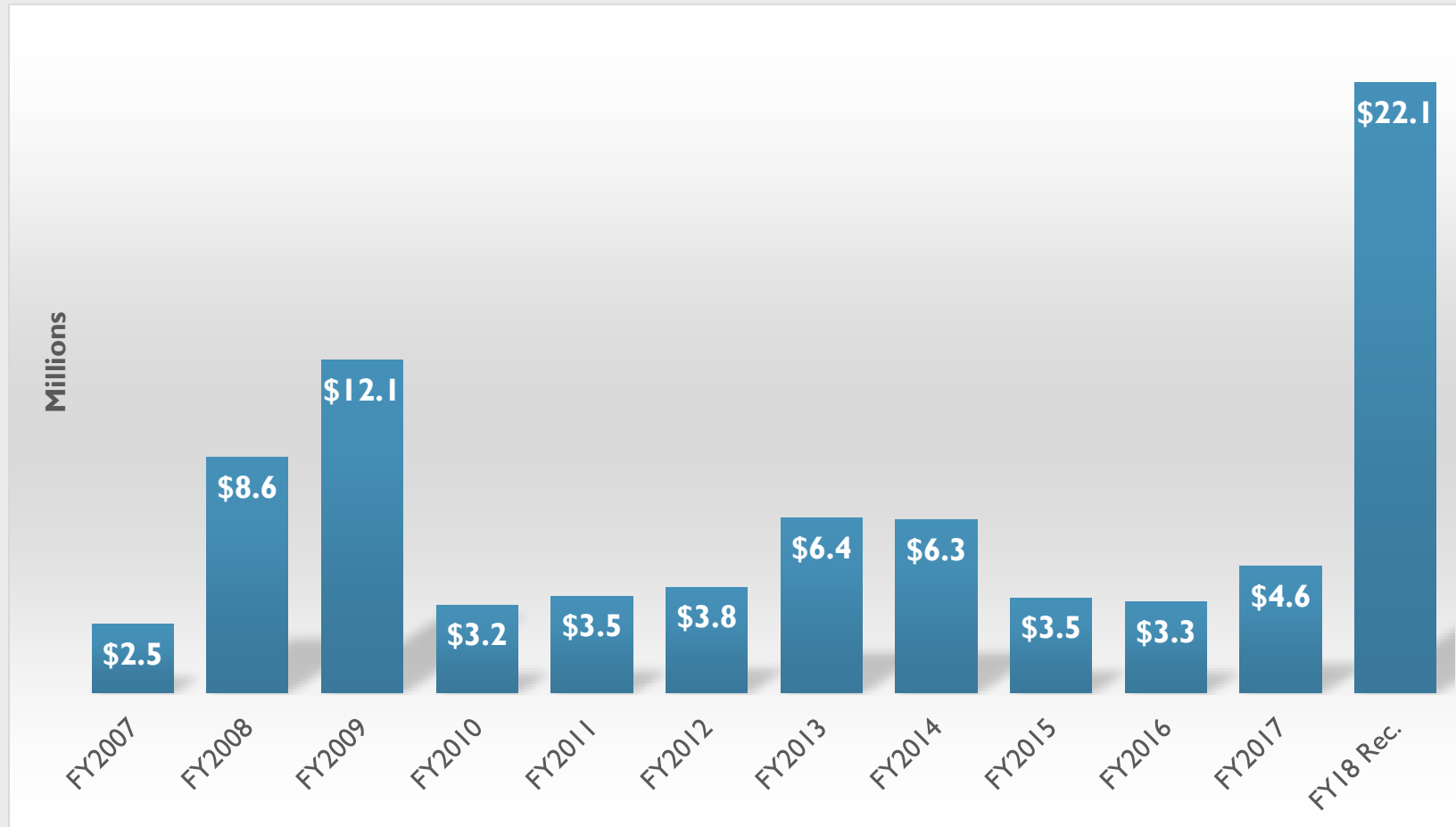
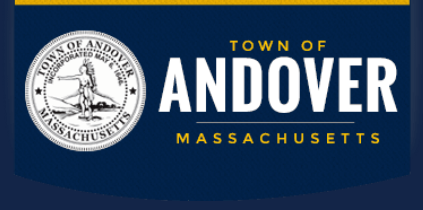


Total:
\$22,110,000

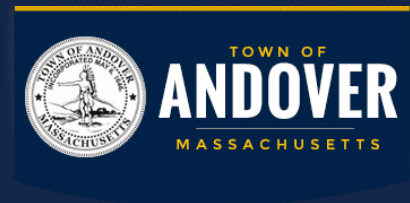
TM-1	Municipal Services Facility	\$17,850,000
IT-5	Safety and Communications Upgrade Phase 2	\$300,000
IT-6	Redundant Fiber	\$300,000
DPW-7b	Public Works Vehicles - Large	\$450,000
DPW-25	Enmore Street Reconstruction	\$655,000
FR-1	Fire Apparatus Replacement - Ambulance 2	\$270,000
P&F-6	Major Town Projects	\$320,000
P&F-7	Town & School Energy Initiatives	\$420,000
SCH-5	Major School Projects	\$770,000
SCH-11	High Plain and Woodhill Air Condition Upgrade	\$775,000

GENERAL FUND (NON-EXEMPT) DEBT

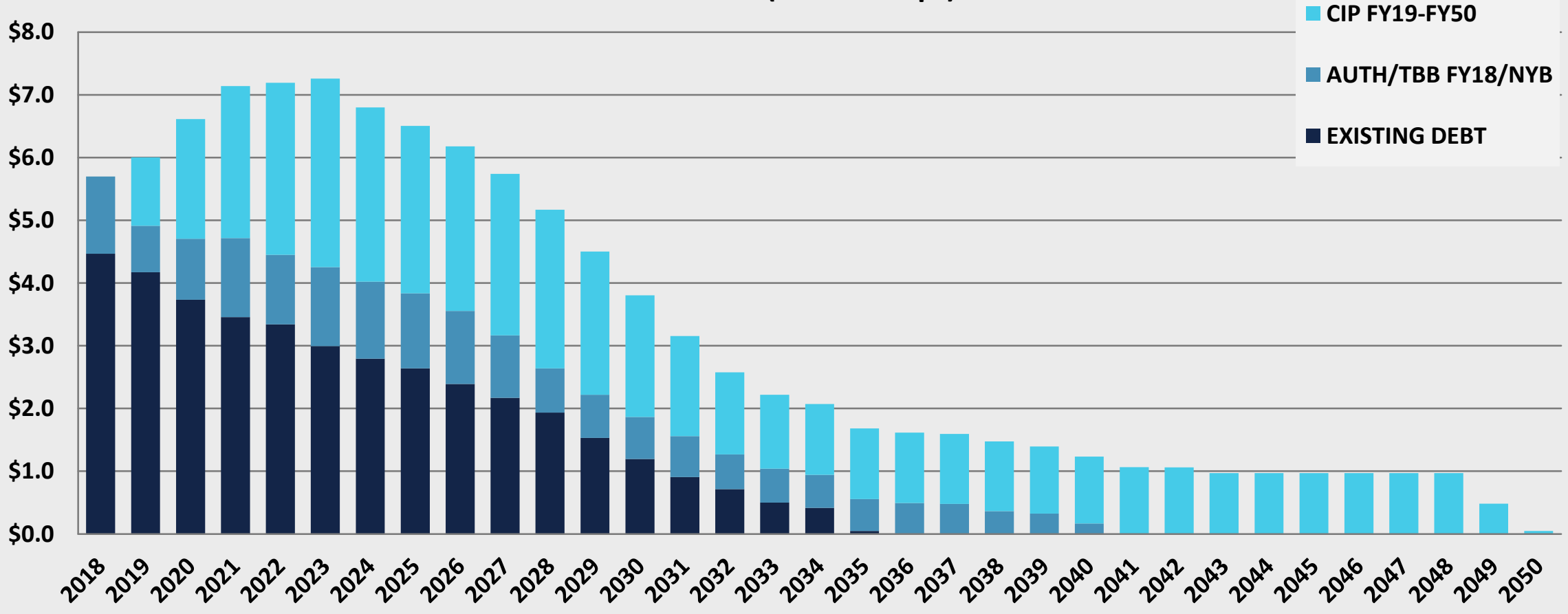
APPROPRIATION HISTORY



GENERAL FUND (NON-EXEMPT) DEBT SERVICE

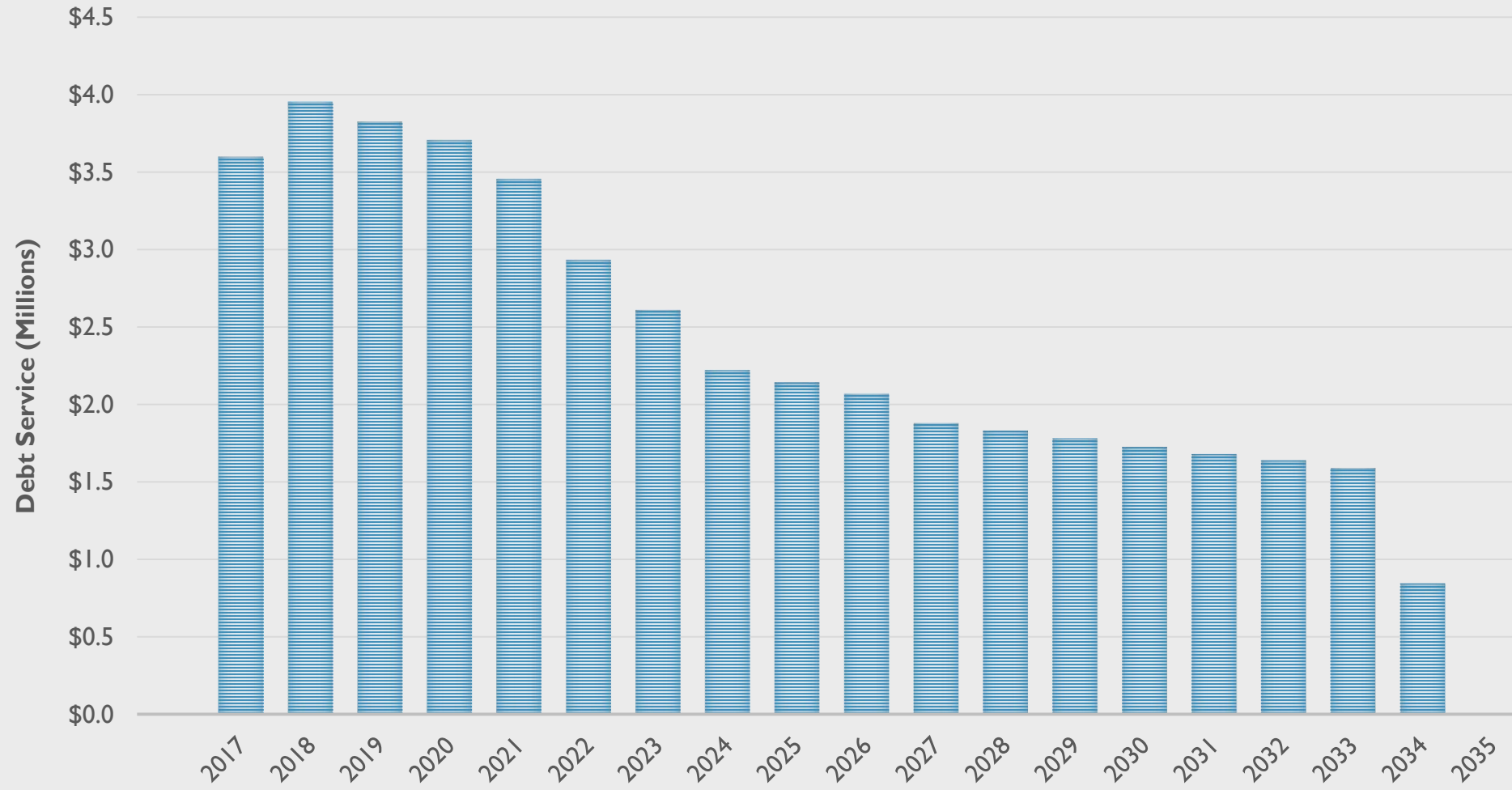
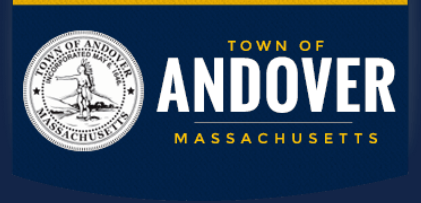


General Fund (Non-Exempt) Debt

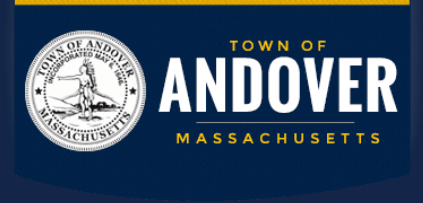


GENERAL FUND EXEMPT DEBT

PROJECTED DEBT SERVICE PAYOFF SCHEDULE



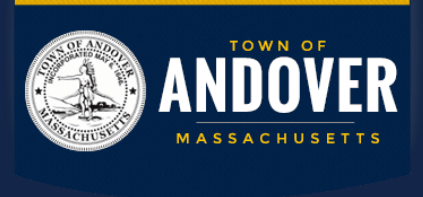
FY18 FUNDED BY SPECIAL REVENUE FUNDS



Total:
\$1,499,288

PRK-1	Parking Study Implementation (Parking Funds)	\$123,000
DPW-1	Major Annual Road Maintenance (Ch 90)	\$1,376,288

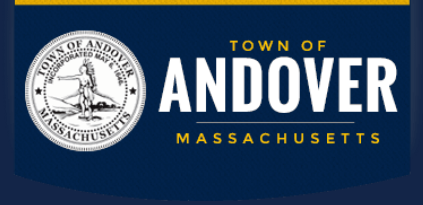
FY18 FUNDED BY WATER OR SEWER ENTERPRISE FUND



DPW-12	Water & Sewer Vehicles (WER)	\$100,000
DPW-14	Water Main Replacement Projects (WEB)	\$3,000,000
DPW-17	Hydrant Replacement Program (WER)	\$100,000
DPW-21	WTP Electrical Substation Replacement (WEB)	\$500,000
DPW-22	Bancroft High Lift Pumps (WEB)	\$750,000
DPW-24	Minor Sanitary Sewer Collections System Imp (SER)	\$50,000
DPW-25a	Enmore Street Reconstruction (WER)	\$50,000
DPW-25b	Enmore Street Reconstruction (SEB)	\$525,000
DPW-27	WTP New Heating System(WEB)	\$300,000

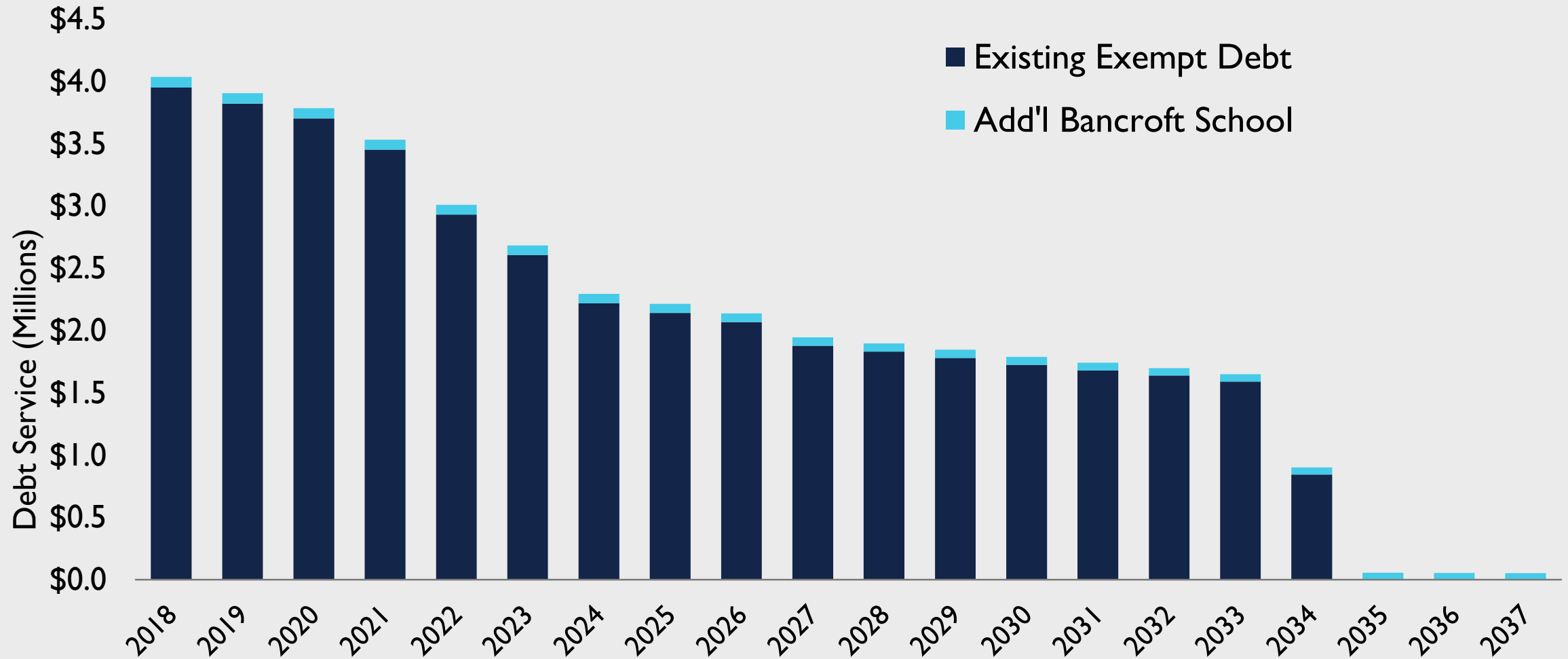
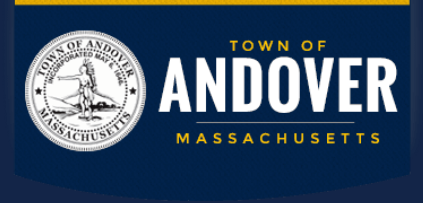
Total:
\$5,375,000

MAJOR PROJECTS & FUTURE CIP CONSIDERATIONS

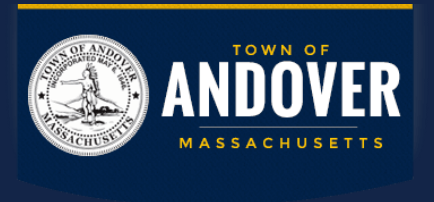


1. Municipal Services Facility
2. Ballardvale Fire Station
3. School Buildings
4. Future CIP Funding Mechanisms
 - Expanding Capacity within Limitations of Proposition 2½
 - Building Borrowing Capacity

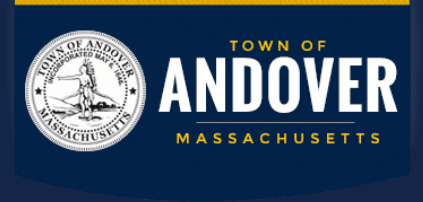
GEN. FUND (EXEMPT) DEBT SERVICE



TOWN & SCHOOL OPERATIONS

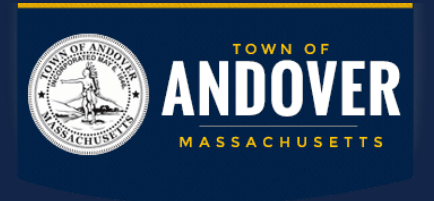


TOWN AND SCHOOL OPERATIONS

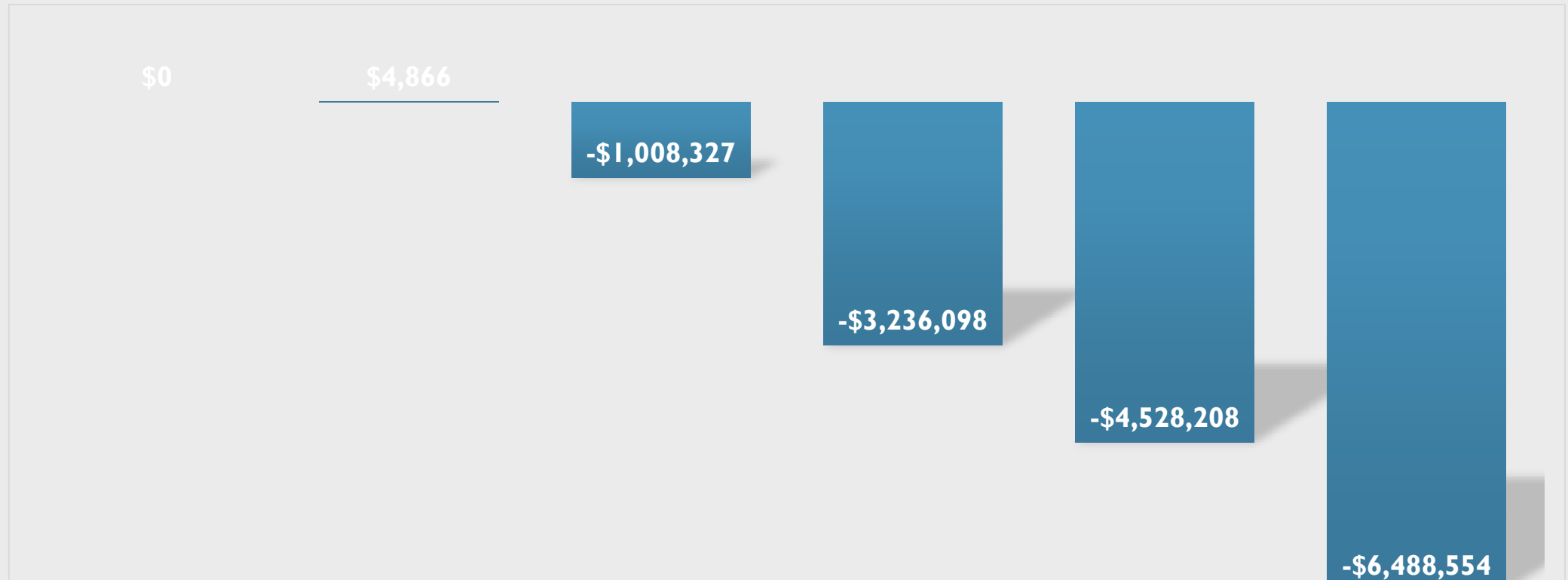
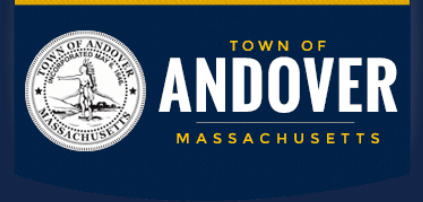


	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
School Operations (3.5% Annual Increase)	\$78,762,765	\$81,519,369	\$84,372,547	\$87,325,586	\$90,381,981
Town Operations (2.75% Annual Increase)	\$39,494,417	\$40,580,513	\$41,696,478	\$42,843,131	\$44,021,317
Total	\$118,257,182	\$122,099,882	\$126,069,025	\$130,168,717	\$134,403,298

STRUCTURAL IMPACTS



PROJECTED DEFICIT BASED ON ASSUMPTIONS



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$162,963,701	\$165,536,747	\$170,731,175	\$176,388,155	\$182,014,370	\$187,448,448
Appropriations	\$162,963,701	\$165,531,881	\$171,739,502	\$179,624,253	\$186,542,717	\$193,937,002
Deficit	\$0	-\$4,886	-\$1,008,327	-\$3,236,098	-\$4,528,208	-\$6,488,554

QUESTIONS?

